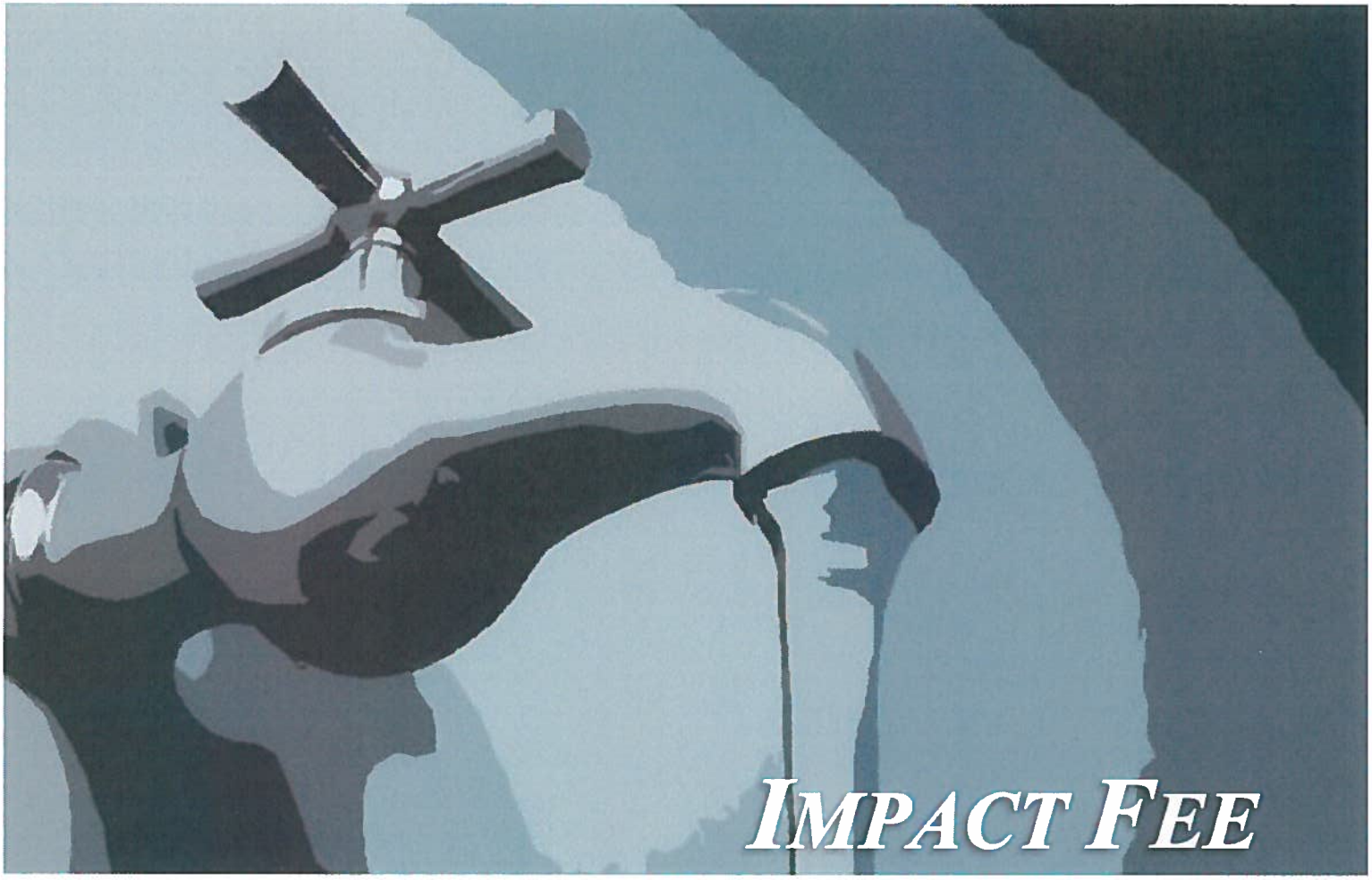

IMPACT FEE
Analysis

CULINARY WATER

CITY OF CEDAR HILLS

NOTICING DRAFT

ZIONS BANK PUBLIC FINANCE
JANUARY 24, 2014

IMPACT FEE ANALYSIS

CULINARY WATER

CITY OF CEDAR HILLS

NOTICING DRAFT

CONSULTANTS:

ZIONS BANK PUBLIC FINANCE MUNICIPAL CONSULTING GROUP

ZIONS BANK PUBLIC FINANCE

ONE SOUTH MAIN, 18TH FLOOR, SALT LAKE CITY, UTAH 84133-1109

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EXECUTIVE SUMMARY

The City of Cedar Hills, Utah (the "City") recently commissioned Bowen Collins & Associates (BC&A) to prepare the *Water Impact Fee Facilities Plan* (IFFP) dated January 2014. The City has also retained Zions Bank Public Finance (Zions) to calculate the City's culinary water impact fees in accordance with the IFFP and Utah State Law. An impact fee is a one-time charge to new development to reimburse the City for the cost of developing new culinary water system capacity that will allow development to occur.

This system will provide culinary water for indoor uses while the City's secondary water system will provide water for outdoor irrigation. The City's culinary water system currently serves 2,596 Equivalent Residential Connections ("ERCs"). These ERCs have connected to the system and are receiving services on demand. The culinary water facilities have adequate capacity to serve many more years of growth.

The culinary water impact fee will be assessed to two service areas which are the Upper Service Area and the Lower Service Area. Cedar Hills has a 3.76 million gallon storage capacity. Water comes from two culinary wells, the Cottonwood Well and the Harvey Well, producing 6.03 million gallons per day (MGD). The two wells have capacity to serve the City's buildout of 3,186 ERCs. The Upper Service Area has a tank with 2 MG storage capacity and the Lower Service Area has a tank with the storage capacity of 1 MG. Existing transmission lines plus the one new water line project have adequate capacity to serve through buildout at 3,186 ERCs. Currently the City serves 2,596 existing ERCs of which 1,836 are found in the Lower Service Area and 760 in the Upper Service Area. At buildout it is expected that there will be 2,286 ERCs in the Lower Service Area and 900 ERCs in the Upper Service Area for the Lower Service Area for a total of 3,186 buildout ERCs

The City has expended approximately $10,017,127 to construct culinary water source, storage, and transmission facilities and will need to build another $76,775 (FV) in system improvements in the next six to ten years to allow new growth to connect to a safe and reliable culinary water system.

On average, approximately 7.2% of the existing infrastructure cost ($728,557) is impact fee qualifying and 18.52% of the transmission project costs to be constructed in the next ten years will be allocated to growth (although, the project is 100% growth related, the 18.52% reflects that percent that will benefit in the ten year horizon).

Recommended Water Impact Fees per ERC

Figures ES.1 and ES.3 show the maximum legal culinary water impact fee that the City can assess per ERC in each service area. Figures ES.2 and ES.4 provide a calculation of the impact fee for a non-standard user that may not fit the schedule found in ES.1 and ES.3. It is at the Council's discretion if the non-standard calculation will be used. Otherwise the fees shown in ES.1 and ES.3 will be charged.

FIGURE ES.1: MAXIMUM IMPACT FEE SCHEDULE LOWER ZONE

Units of Measure	Equivalency	Water Impact Fee
Residential		
3/4" Meter Residential	1.00	$ 1,081
Non-Residential		
1"	1.30	$ 1,406
1.5"	1.60	1,730
2"	2.60	2,812
3"	10.00	10,814
4"	12.70	13,734
6"	19.10	20,655
8"	26.40	28,549
10"	36.40	39,363

FIGURE ES.2: CALCULATION OF NON-STANDARD CULINARY WATER IMPACT FEE LOWER ZONE

Non-Standard Users Impact Fee Formula
Step 1: Average Day Demand divided by 193 gallons = Equivalent ERCs
Step 2: Multiply Equivalent ERCs by Impact Fee per ERC of $1,081

FIGURE ES.3: MAXIMUM IMPACT FEE SCHEDULE UPPER ZONE

Units of Measure	Equivalency	Water Impact Fee
Residential		
3/4" Meter Residential	1.00	$ 1,749
Non-Residential		
1"	1.30	$ 2,274
1.5"	1.60	2,798
2"	2.60	4,547
3"	10.00	17,490
4"	12.70	22,212
6"	19.10	33,406
8"	26.40	46,174
10"	36.40	63,663

FIGURE ES.4: CALCULATION OF NON-STANDARD CULINARY WATER IMPACT FEE UPPER ZONE

Non-Standard Users Impact Fee Formula
Step 1: Average Day Demand divided by 193 gallons = Equivalent ERCs
Step 2: Multiply Equivalent ERCs by Impact Fee per ERC of $1,749

The recommended impact fee structure presented in this analysis has been prepared to satisfy the Impact Fees Act, Utah Code Ann. § 11-36-101 et. Seq. (the "Act"), and represents the maximum culinary water impact fees that the City may assess within the Service Area. The City will be required to use other revenue sources to fund projects identified in the IFFP that constitute repair and replacement, cure any existing deficiencies, or maintain the existing level of service for current users.

CHAPTER 1:
OVERVIEW OF THE CULINARY WATER IMPACT FEES

What is an Impact Fee?

An impact fee is a one-time fee, not a tax, charged to new development to recover the City's cost of constructing water facilities with capacity that will be utilized by new growth. The fee is assessed at the time of building permit issuance as a condition of development approval. The calculation of the impact fee must strictly follow the Impact Fees Act to ensure that the fee is equitable, fair, and legally defensible.

This analysis provides documentation that there is a fair comparison, or rational nexus, between the impact fee charged to new development and the impact on the capacity of the system. Impact fees are charged to different types of development and the water impact fee is scaled according to different levels of demand.

Why Assess an Impact Fee?

Until new development utilizes the full capacity of existing facilities the City can assess an impact fee to recover its cost of latent capacity available to serve future development. The general impact fee methodology divides the available capacity of existing and future capital projects between the number of existing and future users. Capacity is measured in terms of Equivalent Residential Connections, or ERCs, which represent the demand that a typical single family residence would place on the system.

What Costs Can or Cannot be Included in the Impact Fee?

The impact fees proposed in this analysis are calculated based upon:

- New capital infrastructure for water source, storage, and transmission;
- Professional and planning expenses related to the construction of the facility; and
- Historic costs of existing improvements that will serve new development.

The costs that cannot be included in the impact fee are as follows:

- Projects that cure existing deficiencies for existing users;
- Projects that increase the level of service above that which is currently provided;
- Operations and maintenance costs;
- Costs of facilities funded by grants or other funds that the City does not have to repay; and
- Costs of reconstruction of facilities that do not have capacity to serve new growth.

How Are the Impact Fees Calculated?

A fair impact fee is calculated by dividing the cost of existing and future facilities by the number of new ERCs that will benefit from the unused capacity. This cost per ERC is then applied to a set of graduated meter multipliers used for both residential and non-residential users that increase the impact fee as the size of water meter increases.

Description of the Service Area

The culinary water system is comprised of a combination of wells, storage and transmission facilities that will provide indoor potable water for homes and businesses located in Cedar Hills. The culinary water system service area is the same as the incorporated City boundaries. A map of the upper and lower service areas is included in the appendices.

There is sufficient existing source and storage capacity to accommodate new growth in the near future. Some transmission capacity exists but new transmission improvements will need to be constructed within the next ten years. These transmission projects will be funded with the use of impact fees.

What is an Equivalent Residential Connection?

The unit of measurement used for water improvements is the future water demand by ERCs. An ERC is equivalent 193 gallons per day, or approximately 6,000 gallons per month.

Project Costs and Financing

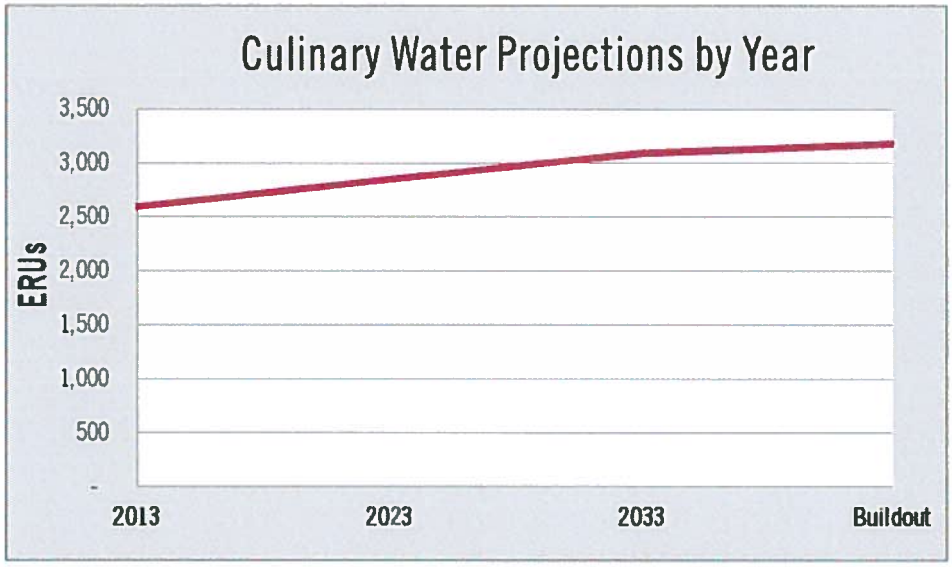
The proposed impact fees are comprised of the costs of future water capital projects that benefit additional development within the Service Area, and professional expenses pertaining to the regular update of the IFFP and impact fee analysis. The City does currently have a bond outstanding and a reimbursement agreement related to the culinary water system (discussed in more detail later) but does not anticipate more debt for culinary water projects within the next ten years.

CHAPTER 2
IMPACT FROM GROWTH UPON THE CITY'S FACILITIES AND LEVEL OF SERVICE

Future Water Demand within the Service Area

Water demand within the City will grow as development activity rebounds and homes and businesses are built. Currently there are 2,596 ERCs and the buildout count of ERCs is estimated to be 3,186.

FIGURE 2.1: PROJECTED GROWTH IN ERCS



Level of Service Analysis

The level of service standard is established in the IFFP and in Figure 2.2 and reflects City policies. This is a defensible level of service that has been recently and clearly established. It is anticipated that this level of service will be perpetuated into the future. However, the City has the right to increase this established level of service in the future by constructing facilities that will provide greater capacity per ERC. If the City does this, those new facilities with additional capacity cannot be funded with impact fees.

Calculation of Storage Requirement per ERC

According to the culinary water level of service included in the IFFP prepared by BC&A, storage is calculated based upon 400 GPD per ERC. The average day usage for a single ERU is 193 gallons per day or about 6,000 gallons monthly. Although average usage for an ERC is 193 the capacities of the different functional components of the culinary water system (storage, source and transmission) are designed based upon peak day and other engineering requirements rather than average day demand in order to have sufficient capacity to meet peak demands.

CHAPTER 3
FUTURE AND HISTORIC CAPITAL PROJECTS COSTS

The Impact Fees Act allows for the inclusion of various cost components in the calculation of the impact fees. These cost components are the construction costs of growth-driven improvements and appropriate professional services inflated from current dollars to construction year costs. Impact fees can only fund system improvements which are defined as facilities or lines that contribute to the entire system's capacity rather than just to a small, localized area. The City currently has one outstanding bond relating to the culinary water system, the Series 2007 water revenue bond, plus a reimbursement agreement, but does not anticipate future bonds.

Project Capacities Available for Growth

The costs of future capital projects are defined in the corresponding Impact Fees Facilities Plan BC&A and are summarized in Figure 3.1.

FIGURE 3.1: CAPITAL PROJECT COSTS TO BE FUNDED THROUGH IMPACT FEES

Project Name	% Impact Fee Qualifying	Year to be Constructed	2013 Ten Year Construction Cost	2013 % Impact Fee Qualifying	Construction Cost	Impact Fee Qualifying Cost	Non Impact Fee Qualifying
Source							
	0%						
Source Totals			$ -	$ -	$ -	$ -	$ -
Storage							
	0%						
Storage Totals			$ -	$ -	$ -	$ -	$ -
Supply							
	0%						
Supply Totals			$ -	$ -	$ -	$ -	$ -
Distribution							
10" Upper Zone Culinary Waterline	42%	2019	$ 62,500	$ 26,375	$76,775	$ 32,399	$ 44,376
Transmission Totals			$ 62,500	$ 26,375	$ 76,775	$ 32,399	$ 44,376
Professional Services							
Impact Fee Facilities Plan	100%	2014	$ 9,590	$ 9,590	$9,590	$ 9,590	$ -
Professional Services Totals			$ 9,590	$ 9,590	$ 9,590	$ 9,590	$ -
Ten Year Culinary Water	49%		$ 72,090	$ 35,965	$ 86,365	$ 41,989	$ 44,376

Historic Capital Project Costs

Figure 3.2 classifies the historic capital projects that have been expended to date in the construction of the existing well, storage reservoir, and transmission lines. These costs do not consider standard O&M expenses. BC&A has determined that approximately 18.5% of the existing system will service future development.

FIGURE 3.2: HISTORIC CAPITAL PROJECTS

Asset Number	Date	Cost	Class	Life
19	10/31/77	$ 80,000	Excluded	40
22	7/01/85	559	Project	40
23	1/01/91	6,008	Transmission	50
25	6/30/91	1,433	Project	40
26	1/01/92	126,942	Transmission	50
28	6/30/92	12,464	Transmission	40
29	6/30/94	11,502	Transmission	40
30	3/30/95	12,562	Transmission	40
31	6/30/95	1,786	Storage- Lower	40
32	1/01/96	183,700	Transmission	50
34	7/01/96	607,544	Storage- Lower	40
35	1/01/97	324,941	Transmission	50
37	2/28/97	121,090	Grant	40
38	3/31/97	108,869	Transmission	40
39	5/31/97	146,737	Transmission	40
40	1/01/98	210,918	Transmission	50
42	5/21/98	300,000	Source	40
43	6/01/98	30,139	Transmission	40
44	1/01/99	828,569	Transmission	50
46	6/30/99	36,071	Transmission	40
47	1/01/00	232,022	Transmission	50
49	6/23/00	78,400	Transmission	40
50	1/01/01	1,545,611	Transmission	50
52	1/26/01	44,400	Transmission	50
53	2/02/01	19,090	Source	50
54	1/01/02	475,949	Transmission	50
57	7/01/02	957,500	Storage- Upper	40
58	1/01/03	90,505	Transmission	50
63	1/01/04	61,076	Transmission	50
64	1/01/04	23,478	Transmission	50
67	4/28/04	46,300	Transmission	0
68	5/21/04	249,026	Project	50
69	6/30/05	151,236	Transmission	40
70	8/30/05	507,560	Transmission	50
72	6/30/06	45,755	Transmission	40
73	6/30/06	123,240	Project	40
75	9/25/06	56,364	Transmission	40
111	10/20/09	569,828	Source	50
112	10/20/09	1,213,623	Source	50
116	10/20/09	238,667	Source	50
122	6/30/12	11,274	Excluded	50
127	6/30/12	12,934	Excluded	50
130	6/30/12	69,076	Transmission	50
132	6/30/13	18,370	Transmission	10
133	9/24/12	24,010	Transmission	10
Water Improvements		**$ 10,017,127**		

Professional Expenses

The 2013 cost for updating the IFFP was $9,590. This is included in the capital projects table shown above in Figure 3.1.

Bond Debt Service and Grant Funds

Cedar Hills issued a 2007 bond to finance a well, at the cost of approximately $668,000. 18.5% of the interest component is included in the impact fee.

The City has entered into a Reimbursement Agreement, a form of indebtedness, with Lone Peak Links, LLC. The agreement discusses the repayment for the construction of a 1MG water storage tank and delivery system to serve new and existing residential development within the City's upper service area. The agreement states the City is to collect $934 per single family dwelling unit (or equivalent). This fee is then remitted back to Lone Peak Links, LLC.

The City has very little in the way of future projects; therefore, no additional bonding is anticipated. Grant funds used historically (if any) were identified and taken out of the buy in calculation. No future grant funding is anticipated.

CHAPTER 4
PROPORTIONATE SHARE ANALYSIS

The Impact Fees Act requires the impact fee analysis to estimate the proportionate share of the cost for existing capacity that will be recouped as shown in Figures 3.1 and 3.2. The impact fee must be based on the historic costs and reasonable future costs of the system. This chapter will show in Figure 4.1 that the proposed impact fee for system improvements is reasonably related to the impact on the water system from new development activity.

The proportionate share analysis considers the manner of funding utilized for existing public facilities. Historically the City has funded existing infrastructure with sources including the following:

- Property Tax Revenues
- User Rates
- Division of Drinking Water Grant
- Bond Proceeds

In the future, the City will primarily rely upon property tax revenues and user rate revenues to fund the operations and maintenance of the system. Some rate revenues will be used to pay the debt service of the bonds in years when impact fee revenues are insufficient to cover the annual payment to principal and interest. However if rate revenues are used to pay what should be funded through impact fees (due to a shortfall in impact fee revenues) then the general fund will be repaid with impact fees for what the impact fee fund needed to borrow.

Although the City has utilized grants in the past, additional grants are not anticipated. However, if they are received, future impact fees will be discounted according to the size of grant and what it will be intended to fund.

Developer Credits

If a project included in the Impact Fee Facilities Plan (or a project that will offset the demand for a system improvement that is listed in the IFFP) is constructed by a developer then that developer is entitled to a credit against impact fees owed. (Utah Impact Fees Act, 11-36a-304(2)(f)). There are currently no situations in this analysis or projects that would entitle a developer to a credit.

Time-Price Differential

Utah Code 11-36a-301(2)(h) allows for the inclusion of a time-price differential in order to create fairness for amounts paid at different times. To address the time-price differential, this analysis includes an inflationary component to account for construction inflation for future projects. Projects constructed after the year 2014 will be calculated at a future value with a 4.2% inflation rate. All users who pay an impact fee today or within the next six to ten years will benefit from projects to be constructed and included in the fee.

FIGURE 4.1: WATER IMPACT FEE CALCULATION

Culinary Water	System Cost	% to Growth	Total Cost to Component	Total Capacity	Existing Capacity	% Impact Fee Qualifying	Impa Qualify
Source Impact Fee							
IFFP Projects	-	0%	$ -	3,186	2,596	18.52%	
Outstanding Debt: 2007 Water Revenue Bond	668,911	100%	668,911	3,186	2,596	18.52%	
Buy In - Existing Assets	2,341,208	100%	2,341,208	3,186	2,596	18.52%	
Subtotal	**$ 3,010,119**		**$ 3,010,119**				$
Storage Impact Fee - Upper Zone							
IFFP Projects	-	0%	$ -	900	2,596	0.00%	
Outstanding Debt: N/A	-	0%	-	900	2,596	0.00%	
Buy In - Existing Assets		0%	-	900	2,596	0.00%	
Reimbursement Agreement	957,500	100%	957,500	1,025		100.00%	
Subtotal	**$ 957,500**		**$ 957,500**				$
Storage Impact Fee - Lower Zone							
IFFP Projects	-	0%	-	2,286	1,836	19.69%	
Outstanding Debt: N/A	-	0%	-	2,286	1,836	19.69%	
Buy In - Existing Assets	609,330	100%	609,330	2,286	1,836	19.69%	
Reimbursement Agreement	-		-				
Subtotal	**$ 609,330**		**$ 609,330**				$
Transmission Impact Fee							
IFFP Projects	76,775	100%	$ 32,399	2,845	2,596	100.00%	
Outstanding Debt: N/A	-	0%	-	2,845	2,596	100.00%	
Buy In - Existing Assets	5,509,534	23%	1,268,499	3,186	2,596	13.80%	
Subtotal	**$ 5,586,309**		**$ 1,300,898**				$
Professional Services							
Impact Fee/ IFA Update	9,590	100%	$ 9,590	2,845	2,596	8.75%	
Subtotal	**$ 9,590**		**$ 9,590**				$
Impact Fee Fund Balance Credit							
Impact Fee Fund Balance Credit	(139,473)		(139,473)				(
Total Impact Fee Per ERC	**$ 5,586,309**		**$ 5,887,437**				$ 1

*The base fees per ERC are not a final fee, the maximum legal fee schedule by meter size is found in Appendix G

Maximum Legal Water Impact Fees per ERC

The maximum legal impact fee per ERC based on the calculation in Figure 4.1 is calculated to be $,749 for the Upper Service Area and $1,081 for the Lower Service Area. These fees are a combination of individual fees for the components of water source, storage, transmission and professional fees. Each fee for individual components is based upon the historic and future costs divided by the total and available capacities. This results in a very precise impact fee per ERC and complies with the Impact Fees Act.

Determination of Residential and Non-Residential Impact Fees

An ERC is equivalent to 193 gallons per day of water. The impact fees to be paid by different residential and non-residential users are assessed according to meter size as shown in Figure 4.2. A ¾" meter, which is standard for a typical residential home, uses a flow equated to 1 ERC. Therefore, larger meters will be assessed an impact fee based on equivalent capacity as shown in Figure 4.2 and 4.3.

FIGURE 4.2: MAXIMUM IMPACT FEE SCHEDULE LOWER ZONE

Units of Measure	Equivalency	Water Impact Fee
Residential		
3/4" Meter Residential	1.00	$ 1,081
Non-Residential		
1"	1.30	$ 1,406
1.5"	1.60	1,730
2"	2.60	2,812
3"	10.00	10,814
4"	12.70	13,734
6"	19.10	20,655
8"	26.40	28,549
10"	36.40	39,363

FIGURE 4.3: MAXIMUM IMPACT FEE SCHEDULE UPPER ZONE

Units of Measure	Equivalency	Water Impact Fee
Residential		
3/4" Meter Residential	1.00	$ 1,749
Non-Residential		
1"	1.30	$ 2,274
1.5"	1.60	2,798
2"	2.60	4,547
3"	10.00	17,490
4"	12.70	22,212
6"	19.10	33,406
8"	26.40	46,174
10"	36.40	63,663

Non-Standard Demand Adjustments

The City reserves the right under the Impact Fees Act (Utah Code 11-36-402(1)(c,d)) to assess an adjusted fee to respond to unusual circumstances and to ensure that the impact fees are assessed fairly. The impact fee ordinance must include a provision that permits adjustment of the fee for a particular development based upon studies and data submitted by the developer that indicate a more realistic and accurate impact upon the City's infrastructure.

The impact fee formula shown below in Figures 4.4 and 4.5 for a non-standard user is based upon the anticipated annual water demand of that particular user.

FIGURE 4.4: CALCULATION OF NON-STANDARD CULINARY WATER IMPACT FEE LOWER ZONE

Non-Standard Users Impact Fee Formula
Step 1: Average Day Demand divided by 193 gallons = Equivalent ERCs
Step 2: Multiply Equivalent ERCs by Impact Fee per ERC of $1,081

FIGURE 4.5: CALCULATION OF NON-STANDARD CULINARY WATER IMPACT FEE UPPER ZONE

Non-Standard Users Impact Fee Formula
Step 1: Average Day Demand divided by 193 gallons = Equivalent ERCs
Step 2: Multiply Equivalent ERCs by Impact Fee per ERC of $1,749

APPENDICES: CERTIFICATION, SERVICE AREA MAP, IMPACT FEE CALCULATIONS

In accordance with Utah Code Annotated, 11-36a-306(2), Zions Bank Public Finance, makes the following certification:

I certify that the attached impact fee analysis:

1. includes only the cost of public facilities that are:
    a. allowed under the Impact Fees Act; and
    b. actually incurred; or
    c. projected to be incurred or encumbered within six years after the day on which each impact fee is paid;
2. does not include:
    a. costs of operation and maintenance of public facilities;

b. cost of qualifying public facilities that will raise the level of service for the facilities, through impact fees, above the level of service that is supported by existing residents;

c. an expense for overhead, unless the expense is calculated pursuant to a methodology that is consistent with generally accepted cost accounting practices and the methodological standards set forth by the federal Office of Management and Budget for federal grant reimbursement;

3. offset costs with grants or other alternate sources of payment; and
4. complies in each and every relevant respect with the Impact Fees Act.

Zions Bank Public Finance makes this certification with the following caveats:

1. All of the recommendations for implementations of the Impact Fee Facilities Plan (IFFP) made in the IFFP or in the impact fee analysis are followed in their entirety by City staff and Council in accordance to the specific policies established for the Service Area.
2. If all or a portion of the IFFP or impact fee analysis are modified or amended, this certification is no longer valid.
3. All information provided to Zions Bank Public Finance, its contractors or suppliers is assumed to be correct, complete and accurate. This includes information provided by the City of Cedar Hills and outside sources. Copies of letters requesting data are included as appendices to the IFFP and the impact fee analysis.

Dated: 1/24/2014

ZIONS BANK PUBLIC FINANCE

Appendix A: ERC Projections for Culinary Water

CURRENT AND FUTURE ERCs FOR THE CULINARY WATER SERVICE AREA

TABLE A.1: CURRENT AND FUTURE CULINARY WATER ERCs

Year	Upper Zone ERCs	Lower Zone ERCs	TOTAL ERCs
2013	760	1,836	2,596
2023			2,845
2033			3,094
Buildout	900	2,286	3,186

See IFFP Table 2-3

TABLE A.2: CULINARY WATER ERCs

Culinary Water ERCs	
Current ERCs (BC&A Count)	2
Buildout ERCs	3
Undeveloped ERCs	
% Undeveloped	

Appendix B: Existing Culinary Water Assets

Group: Water Improvements

Asset Number	Date	Cost	Class	Life
19	10/31/77	$ 80,000	Excluded	40
22	7/01/85	559	Project	40
23	1/01/91	6,008	Transmission	50
25	6/30/91	1,433	Project	40
26	1/01/92	126,942	Transmission	50
28	6/30/92	12,464	Transmission	40
29	6/30/94	11,502	Transmission	40
30	3/30/95	12,562	Transmission	40
31	6/30/95	1,786	Storage- Lower	40
32	1/01/96	183,700	Transmission	50
34	7/01/96	607,544	Storage- Lower	40
35	1/01/97	324,941	Transmission	50
37	2/28/97	121,090	Grant	40
38	3/31/97	108,869	Transmission	40
39	5/31/97	146,737	Transmission	40
40	1/01/98	210,918	Transmission	50
42	5/21/98	300,000	Source	40
43	6/01/98	30,139	Transmission	40
44	1/01/99	828,569	Transmission	50
46	6/30/99	36,071	Transmission	40
47	1/01/00	232,022	Transmission	50
49	6/23/00	78,400	Transmission	40
50	1/01/01	1,545,611	Transmission	50
52	1/26/01	44,400	Transmission	50
53	2/02/01	19,090	Source	50
54	1/01/02	475,949	Transmission	50
57	7/01/02	957,500	Storage- Upper	40
58	1/01/03	90,505	Transmission	50
63	1/01/04	61,076	Transmission	50
64	1/01/04	23,478	Transmission	50
67	4/28/04	46,300	Transmission	0
68	5/21/04	249,026	Project	50
69	6/30/05	151,236	Transmission	40
70	8/30/05	507,560	Transmission	50
72	6/30/06	45,755	Transmission	40
73	6/30/06	123,240	Project	40
75	9/25/06	56,364	Transmission	40
111	10/20/09	569,828	Source	50
112	10/20/09	1,213,623	Source	50
116	10/20/09	238,667	Source	50
122	6/30/12	11,274	Excluded	50
127	6/30/12	12,934	Excluded	50
130	6/30/12	69,076	Transmission	50
132	6/30/13	18,370	Transmission	10
133	9/24/12	24,010	Transmission	10
Water Improvements		$ 10,017,127		

Appendix C: Culinary Water Ten Year Capital Projects

	A	B	C	D	E
1			Inflation Rate* 4.20%		
2	TABLE C.1: WATER CAPITAL PROJECTS				
3	Project Name	% Impact Fee Qualifying	Year to be Constructed	2013 Ten Year Construction Cost	2013 % Impact Fee Qualifying
4			Source		
5		0%			
6	Source Totals			$ -	$ -
7			Storage		
8		0%			
9	Storage Totals			$ -	$ -
10			Supply		
11		0%			
12	Supply Totals			$ -	$ -
13			Distribution		
14	10" Upper Zone Culinary Waterline	42%	2019	$ 62,500	$ 26,375
15					
16	Transmission Totals			$ 62,500	$ 26,375
17			Professional Services		
18	Impact Fee Facilities Plan	100%	2014	$ 9,590	$ 9,590
19	Professional Services Totals			$ 9,590	$ 9,590
20	Ten Year Culinary Water	49%		$ 72,090	$ 35,965
21	*Based on 20 years average cost of inflation using ENR and net of interest earnings				
	A	B	C	D	E

Appendix D: Outstanding Debt and Allocation of Interest Expense

TABLE D.1: Series 2007 Bonds

Date	Principal	Interest	Fiscal Total
2008	$ -	$ 24,229	$ 24,229
2009	80,000	56,639	136,639
2010	82,000	54,471	136,471
2011	85,000	52,249	137,249
2012	87,000	49,945	136,945
2013	89,000	47,588	136,588
2014	92,000	45,176	137,176
2015	94,000	42,683	136,683
2016	97,000	40,135	137,135
2017	99,000	37,506	136,506
2018	102,000	34,824	136,824
2019	105,000	32,059	137,059
2020	107,000	29,214	136,214
2021	110,000	26,314	136,314
2022	113,000	23,333	136,333
2023	116,000	20,271	136,271
2024	120,000	17,127	137,127
2025	123,000	13,875	136,875
2026	126,000	10,542	136,542
2027	130,000	7,127	137,127
2028	133,000	3,604	136,604
Total	**$ 2,090,000**	**$ 668,911**	**$ 2,758,911**

TABLE D.2: Series 2007 Bonds

	Percent of Bond Proceeds to
Culinary	Total
Source	$
Storage	107,3
Supply	
Distribution	561,5
Professional	
Total	**$ 668,9**

Appendix E: Culinary Water Proportionate Share

TABLE E.1: WATER IMPACT FEE CALCULATION

	A	B	C	D	E
1	Culinary Water	System Cost	% to Growth	Total Cost to Component	Total Capac
2	**Source Impact Fee**				
3	IFFP Projects	-	0%	$ -	3,1
4	Outstanding Debt: 2007 Water Revenue Bond	668,911	100%	668,911	3,1
5	Buy In - Existing Assets	2,341,208	100%	2,341,208	3,1
6					
7	**Subtotal**	**$ 3,010,119**		**$ 3,010,119**	
8	**Storage Impact Fee - Upper Zone**				
9	IFFP Projects	-	0%	$ -	9
10	Outstanding Debt: N/A	-	0%	-	9
11	Buy In - Existing Assets		0%	-	9
12	Reimbursement Agreement	957,500	100%	957,500	1,0
13	**Subtotal**	**$ 957,500**		**$ 957,500**	
14	**Storage Impact Fee - Lower Zone**				
15	IFFP Projects	-	0%	-	2,2
16	Outstanding Debt: N/A	-	0%	-	2,2
17	Buy In - Existing Assets	609,330	100%	609,330	2,2
18	Reimbursement Agreement	-		-	
19	**Subtotal**	**$ 609,330**		**$ 609,330**	
20	**Transmission Impact Fee**				
21	IFFP Projects	76,775	100%	$ 32,399	2,8
22	Outstanding Debt: N/A	-	0%	-	2,8
23	Buy In - Existing Assets	5,509,534	23%	1,268,499	3,1
24					
25	**Subtotal**	**$ 5,586,309**		**$ 1,300,898**	
26	**Professional Services**				
27	Impact Fee/ IFA Update	9,590	100%	$ 9,590	2,8
28					
29	**Subtotal**	**$ 9,590**		**$ 9,590**	
30	**Impact Fee Fund Balance Credit**				
31	Impact Fee Fund Balance Credit	(139,473)		(139,473)	
32	**Total Impact Fee Per ERC**	**$ 5,586,309**		**$ 5,887,437**	

33 *The base fees per ERC are not a final fee, the maximum legal fee schedule by meter size is found in Appendix G

34

A B C D E

Appendix F: Maximum Culinary Water Impact Fees

TABLE F.1: CULINARY WATER IMPACT FEE UPPER ZONE

Units of Measure	Water Impact Fee
Per Equivalent Residential Connection	$ 1,749

TABLE F.2: IMPACT FEE BY CONNECTION SIZE UPPER ZONE

Units of Measure	Equivalency	Water Impact Fee
Residential		
3/4" Meter Residential	1.00	$ 1,749
Non-Residential		
1"	1.30	$ 2,274
1.5"	1.60	2,798
2"	2.60	4,547
3"	10.00	17,490
4"	12.70	22,212
6"	19.10	33,406
8"	26.40	46,174
10"	36.40	63,663

TABLE F.3: NON-STANDARD IMPACT FEE CALCULATION UPPER ZONE

Non-Standard Users Impact Fee Formula
Step 1: Average Day Demand divided by 193 gallons = Equivalent ERCs
Step 2: Multiply Equivalent ERCs by Impact Fee per ERC of $1,749

TABLE F.4: CULINARY WATER IMPACT FEE LOWER ZONE

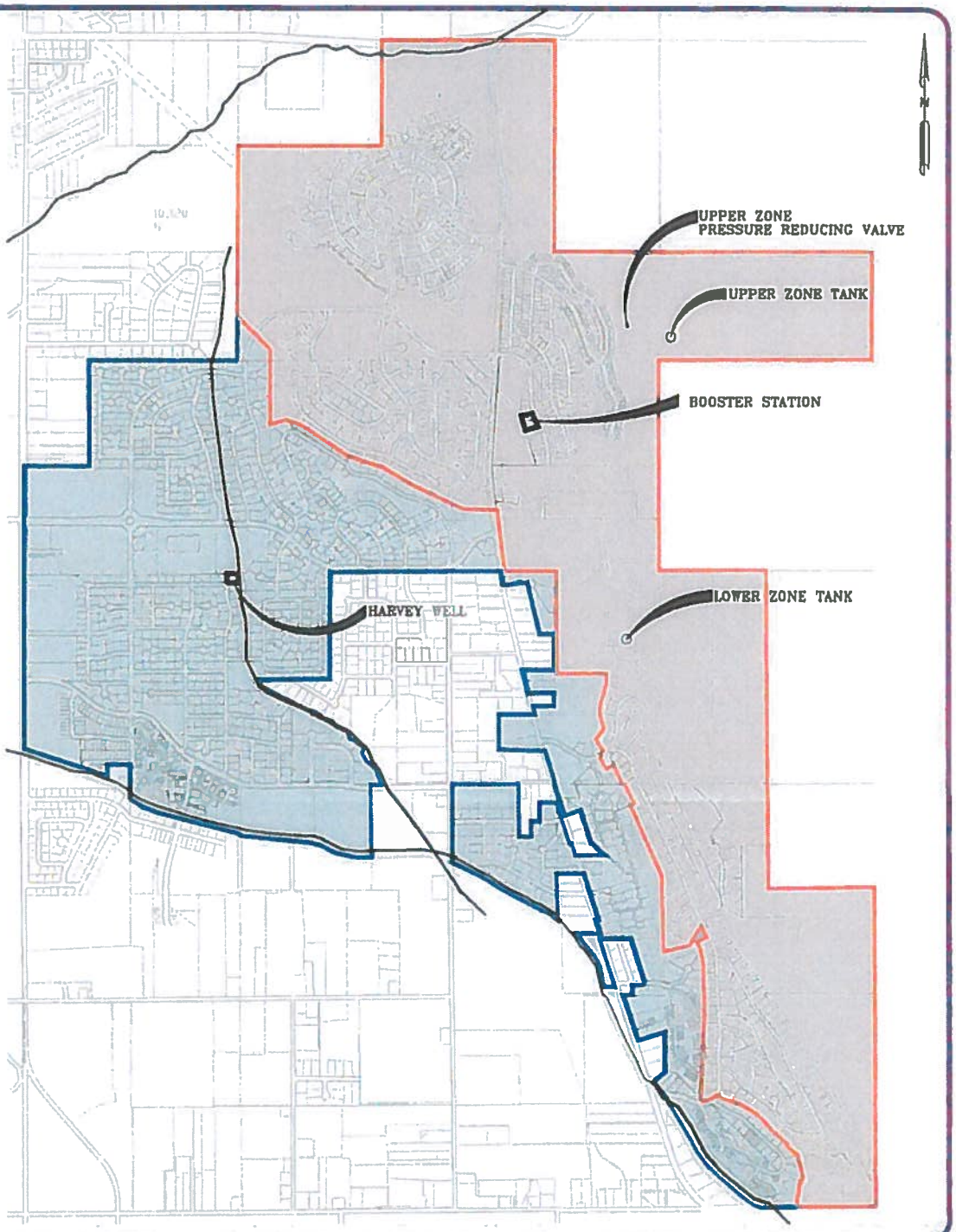
Units of Measure	Water Impact Fee
Per Equivalent Residential Connection	$ 1,081

TABLE F.5: IMPACT FEE BY CONNECTION SIZE LOWER ZONE

Units of Measure	Equivalency	Water Impact Fee
Residential		
3/4" Meter Residential	1.00	$ 1,081
Non-Residential		
1"	1.30	$ 1,406
1.5"	1.60	1,730
2"	2.60	2,812
3"	10.00	10,814
4"	12.70	13,734
6"	19.10	20,655
8"	26.40	28,549
10"	36.40	39,363

TABLE F.6: NON-STANDARD IMPACT FEE CALCULATION LOWER ZONE

Non-Standard Users Impact Fee Formula
Step 1: Average Day Demand divided by 193 gallons = Equivalent ERCs
Step 2: Multiply Equivalent ERCs by Impact Fee per ERC of $1,081



LEGEND:

- UPPER PRESSURE ZONE BOUNDARY
- LOWER PRESSURE ZONE BOUNDARY

NOTES:

SEC. 3

CEDAR HILLS

City of Cedar Hills
Future Pressure Zone Boundaries

CIVIL SCIENCE
3150 West Clubhouse Drive
Lehi, UT 84043

FIG. 3-8

Impact Fee
Analysis

Sewer

Cedar Hills

DRAFT

Zions Bank Public Finance
January 22, 2014

IMPACT FEE ANALYSIS

SEWER

CEDAR HILLS

DRAFT

CONSULTANTS:

ZIONS BANK PUBLIC FINANCE MUNICIPAL CONSULTING GROUP

ZIONS BANK PUBLIC FINANCE

ONE SOUTH MAIN, 18TH FLOOR, SALT LAKE CITY, UTAH 84133-1109

Table of Contents

List of Figures

EXECUTIVE SUMMARY

Zions Bank Public Finance (Zions) is pleased to provide Cedar Hills (the City) with an update to the sanitary sewer collection impact fee. The following pages summarize the document and tables included. The intent is to provide a concise discussion of the calculation and identification of the maximum legal impact fee.

Growth and ERC Projections

Currently the City has a total of 2,596 equivalent residential connections (ERCs)[1]. The following table identifies the current and future ERCs in a single, City-Wide Service Area. The analysis considers growth over the next six to ten years. Between now and 2023, ERCs will increase by 224 to reach 2,845. The full growth table can be found in Appendix 1 of the document.

Figure ES1: ERCs

Sanitary Sewer		
	Current	Buildout
Current ERCs[1]	2,596	3,186

[1] *Bowen Collins & Associates IFFP*

Level of Service Definitions

Bowen Collins & Associates defined the City's level of service in the Master Plan. The plans state the following:

"The Master Plan calculated a peak daily wastewater flow for Cedar Hills residents of 70 gpd per person. The system was conservatively evaluated at 80 gpd per person, or 320 gpd per person based on the City's current average household size. It should be noted, however, that this total includes both domestic wastewater production as well as an allowance for infiltration and inflow."

Therefore the City has defined the current level of service as:

- Sewer: 320 gallons per equivalent residential connection per day.[2]

PROPORTIONATE SHARE ANALYSIS

The Impact Fees Act requires that the impact fee analysis estimate the proportionate share of the costs for existing capacity that will be recouped and the costs of impacts on system improvements that are reasonably related to the new development activity.

Part of the proportionate share analysis is a consideration of the manner of funding existing public facilities. A City typically funds existing infrastructure through several different funding sources including:

- General Fund Revenues
- User Fees
- Grants
- Bond Proceeds
- Developer Exactions
- Impact Fees

[2] Page 5 Horrocks Engineers Capital Facilities Plan and Impact Fee Facilities Plan

Historically the City has funded its existing sewer infrastructure through User Fees (rate revenues), impact fees and developer exactions and donations. All of these funding sources (with exception of developer contributions/donations) are impact fee qualifying expenses to be considered for buy-in purposes.

In consideration of future capital improvements, the City will continue using similar funding sources; no grants are being considered or are available at this time. Using impact fees places a burden on future users that is equal to the burden that was borne in the past by existing users.[3]

Existing Infrastructure and Capacity to Serve New Growth (Buy-In Component)

The City provided Zions with a list of all City owned assets for the collection system. The impact fee qualifying historic value of the facilities is $2,214,880[4]. Only the original costs of the improvements have been considered. See Appendix 3 for the detailed list of assets for the collection system. An analysis has been completed to identify the capacity to serve new growth. Approximately 18.5%[5] of the value of the existing assets shall be included as a buy-in component of the impact fee, or $409,753. This will be discussed in greater detail later in this document and can be found in Appendix 4 of this document.

Future Capital Improvements

Bowen Collins & Associates provided a list of capital projects to be constructed in the next six to ten years. The engineers defined the percent of the project that will benefit growth through the next six to ten years. The 2013 fiscal year total of capital improvements is $559,811. The IFFP projects include an inflationary component; therefore Zions Bank Public Finance did not add additional inflation costs. Approximately 20% of the future construction costs will be included into this impact fee calculation, or $111,597.

Outstanding and Future Debt

There is no outstanding sewer related debt in Cedar Hills. It is currently not anticipated that the City will bond for sewer in the next six to ten years.

Calculated Fee

The impact fees have been calculated with all the above considerations for the City-Wide Service Area. The fee is calculated per ERC. For non-residential land uses, new connections will pay the fee listed in Appendix 5, which is based on water use according to the Master Plan.

The treatment component of Cedar Hills's sewer utility is provided by Timpanogos Special Service District (TSSD). The District also assesses an impact fee. The City will collect the fee and remit the District's portion back to TSSD. The District's fee may change and thus, the total has not been identified in this analysis but can be found in the ordinance of the analysis. That way, if TSSD adopts a new fee, the City may update their fee schedule by adoption of a new ordinance and not be required to update the entire impact fee analysis.

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[3] Utah Impact Fees Act, 11-36a-304(2) (c) (d)
[4] Cedar Hills Depreciation Schedule
[5] BC&A IFFP

Figure ES2: Maximum Legal Fee per ERC[6]

	Cost	% Impact Fee Qualifying	Impact Fee Qualifying Cost	Additional ERUs to be Served	Cost per ERU
Collection Impact Fee					
IFFP Projects	559,811	9%	52,507	224	234
Buy In - Existing Assets	2,214,880	19%	409,753	590	694
Subtotal	2,774,691	17%	462,260		929
Total Impact Fee Per ERU					$ 929

Figure ES3: Nonresidential Impact Fee Multipliers

Non Residential Impact Fee		
Meter Size	ERC Conversion	Fee per Meter Size
3/4	1.0	928.80
1	1.3	1,181.98
1 1/2	1.6	1,519.79
2	2.6	2,414.88
3	10.0	9,287.99
4	12.7	11,821.20
6	19.1	17,731.80
8	26.4	24,486.58

[6] Plus the TSSD treatment component fee added via ordinance.

Chapter 1: Impact Fee Overview

Project Overview

Zions Bank Public Finance (Zions) is pleased to provide The City of Cedar Hills (the City) with an update to the sanitary sewer collection impact fee. Cedar Hills realizes that due to the age of its current analysis, as well as changes to the Impact Fees Act, required updates and review of its impact fees as well as its facility planning are needed. The City is still growing rapidly and has many capital needs. The update to the analysis is an intensive collaborative effort that meets the needs of City stakeholders and the City. The information used to create this fee analysis was provided by City staff, Zions Bank Public Finance and Bowen Collins & Associates.

The goal of the impact fee analysis is to calculate the maximum impact fee that may be assessed to new development and ensure the fee meets the requirements of the Impact Fees Act, Utah Code 11-36a-101 *et seq.* The sections and subsections of the impact fee analysis will directly address the following items, required by the code:

- Impact Fee Analysis Requirements (Utah Code 11-36a-304)
  - Identify Existing Capacity to serve growth
    - Proportionate Share Analysis
  - Identify the level of service
  - Identify the impact of future development on exisitng and future improvements
- Calculated Fee (Utah Code 11-36a-305)
- Certification (Utah Code 11-36a-306)

Why Is The City Updating The Previous Analysis?

The City has commissioned this Sanitary Sewer Impact Fee Analysis amendment to accomplish the following:

- Determine the maximum impact fee that may be assessed to new development;
- Update capital need projections and account for historic costs of facilities;
- Put the analysis in compliance with the changes to the Impact Fees Act effective May 2011;
- Include an Impact Fee Facilities Plan (IFFP) with a ten year capital planning horizon; and
- More clearly define the current level of service and the future level of service that the City will provide.

What Is An Impact Fee?

An impact fee is a one-time fee, not a tax, charged to new development to recover the City's cost of constructing water and secondary water facilities with capacity to serve new growth. The fee is assessed at the time of building permit issuance as a condition of development approval. The calculation of the impact fee must strictly follow the Impact Fees Act to ensure that the fee is equitable and fair.

This analysis shows that there is a fair comparison between the impact fee charged to new development and the impact the new development will have upon the system in terms of taking available capacity. Impact fees are charged to development according to a number of fixture units, which is a realistic measure of the potential sewer demands that each user will add to the system.

How Will New Growth Affect The City?

According to the current master plan, the City's ERCs total 2,596 and the plan estimates that over the next six to ten years the City will add approximately 224 ERCs. When the Service Area is built out, it is anticipated that there will be 3,186 ERCs. There is not a large amount of vacant land left within the City's current boundaries.

However, new growth will still have an impact on sewer demands as the density of development increases, and extending pipe networks and other facilities as development stretches farther away. In the case of the City the capacity needed for new growth is found in both existing facilities that the City has built ahead of the growth and in the future capital projects that will be constructed in the next six to ten years. The recommended impact fee will balance the cost of capacity that is already in the ground and new projects that are needed to serve the additional anticipated growth.

Population growth is as important in the Capital Facilities and Impact Fee Facilities planning because population, in addition to non-residential demands, drive project needs and timing. However, this sanitary sewer collection impact fee analysis is not population dependent as the system is sized for commercial, industrial, institutional, churches, schools, etc. The primary measurement of capacity and demand in a sanitary sewer system is an ERC. The fee is based on capacity available in the existing system and in future projects and is not directly dependent upon population, as non-residential demands have a great impact upon the sanitary sewer system, or upon the growth rate.

Figure 1: Projected Sanitary Sewer ERCs

ERC Projections	
2013	2,596
2014	2,621
2015	2,646
2016	2,671
2017	2,696
2018	2,721
2019	2,745
2020	2,770
2021	2,795
2022	2,820
2023	2,845

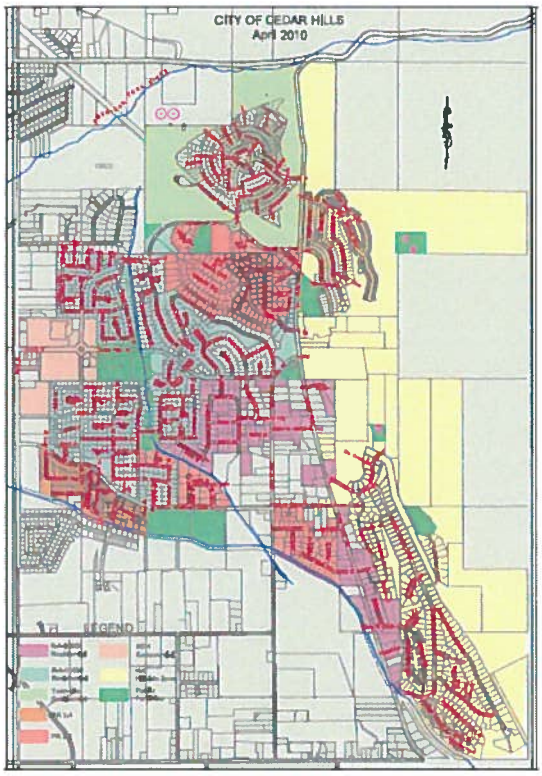
Why Are Impact Fees Necessary?

Impact fees are necessary to allocate the costs of unused sanitary sewer system capacity that is reserved for new growth to the developments that will benefit from it. Impact fees help to shield existing users from shouldering the burden of paying not only for the capacity that they use but also from funding the cost of capacity needed for new development to occur.

Where Will the Impact Fees Be Assessed?

The impact fees will be assessed within the City's Sanitary Sewer Service Area, which includes the current City boundaries and future annexation areas to which the City will provide sanitary sewer service. A detailed map of the Service Area is included below. In short, if a developer is requesting a building permit and will be served by the City's sanitary sewer system then that property is included in the Service Area.

Figure 2: Service Area Map



What Costs are Included in the Impact Fee?

Impact fee revenues may not be spent on capital projects or associated costs such as financing interest expense that constitute repair and replacement, cure any existing deficiencies, or maintain the existing level of service for current users. Impact fees cannot fund operational expenses. The proposed impact fees will be assessed throughout the entire Impact Fee Service Area.

The impact fees proposed in this analysis are calculated based upon:

- Costs of replacement facilities that are needed to perpetuate unused capacity in the system that growth will require;
- New capital infrastructure that provides new capacity for growth;
- Historic costs of existing improvements that maintain capacity that will serve new development; and
- Cost of professional services for engineering, planning services and preparation of the impact fee facilities plan and impact fee analysis.

What Costs Are Not Included in the Impact Fee?

The costs, both direct capital and financing, that cannot be included in the impact fee are as follows:

- Projects that cure deficiencies for existing users;
- Projects that increase the level of service above that which is currently provided;
- Operations and maintenance costs;
- Costs of facilities funded by grants or other funds that the City does not have to repay; and
- Costs of reconstruction of facilities that do not have capacity to serve new growth.

How Are Impact Fees Calculated?

To calculate a fair impact fee we determine a growth related cost of existing and future facilities and divide that by the number of new units that will benefit from the unused capacity. A cost per unit is calculated by dividing impact fee qualifying cost by the amount of capacity to derive the cost per capacity unit. This cost per unit of capacity is then multiplied by the amount of demand that a typical residential home or ERC would utilize.

The general impact fee methodology splits the capacity in existing facilities and future capital projects between that which already benefits existing users and capacity that is available to benefit new growth. A cost is assigned to the capacity that is available for new growth based upon the historic cost of water and secondary water facilities and the future costs of sewer infrastructure. A final fee per residential or non-residential land use is calculated by multiplying the cost per ERC by the number of ERCs that each new unit of development will generate.

What is the Current Level of Service?

Bowen Collins & Associates defined the City's level of service in the Capital Facilities Plan. The plan states the following:

"The Master Plan calculated a peak daily wastewater flow for Cedar Hills residents of 70 gpd per person. The system was conservatively evaluated at 80 gpd per person, or 320 gpd per person based on the City's current average household size. It should be noted, however, that this total includes both domestic wastewater production as well as an allowance for infiltration and inflow."

Therefore the City has defined the current level of service as:

- Sewer: 320 gallons per Equivalent Residential Connection per day.[7]

How are Schools Considered in this Analysis?

The Impact Fees Act exempts schools from paying a parks and recreation impact fee but with proper documentation of the impact that a school could place on the sanitary sewer system, the City can assess an impact fee for schools. The sanitary sewer impact fee analysis quantifies the cost per ERC and also defines the number of ERCs that can be served by each size of sanitary sewer meter that a school could install. The impact that a school will have upon the sewer system is clearly defined by the size and number of sanitary sewer meters that will be installed.

[7] Bowen Collins & Associates Impact Fee Facilities Plan

What are the Recommended City Santary Sewer Impact Fees?

Figure 3: Projected Sewer Impact Fee

	Cost	% Impact Fee Qualifying	Impact Fee Qualifying Cost	Additional ERUs to be Served	Cost per ERU
Collection Impact Fee					
IFFP Projects	559,811	9%	52,507	224	234
Buy In - Existing Assets	2,214,880	19%	409,753	590	694
Subtotal	2,774,691	17%	462,260		929
Total Impact Fee Per ERU					$ 929

The Cedar Hills City Council has the discretion to set the actual impact fees to be assessed but they may not exceed the maximum allowable fee calculated. The City may, on a case by case basis, work directly with a developer to adjust the standard impact fee to respond to unusual circumstances and ensure that impact fees are imposed fairly. This adjusted impact fee calculation will be based on the cost per unit defined above, multiplied by the number of units created by the applicable development type.

CHAPTER 2: FUTURE CAPITAL PROJECTS AND LEVEL OF SERVICE

IMPACT FEE ANALYSIS REQUIREMENTS

Growth and ERC Projections

According to the Impact Fee Facilities Plan and the growth projections completed by ZBFF, the 2010 population was 9,796[8]. Population is important in the Capital Facilities and Impact Fee Facilities planning as population, and other factors, drive project need and timing. However, this impact fee analysis is not population dependent. The driving force is the Equivalent Residential Connection (ERC). The Impact Fee Facilities Plan defines an ERC as 320 gallons per day usage[9]. Currently the City has 2,596 equivalent residential connections. In the next six to ten years it is anticipated that the City will grow to 2,845 ERCs (an increase of 224 ERCs). The ERCs increases are displayed below.

Figure 4: ERCs

ERC Projections	
2013	2,596
2014	2,621
2015	2,646
2016	2,671
2017	2,696
2018	2,721
2019	2,745
2020	2,770
2021	2,795
2022	2,820
2023	2,845

There will be some growth expected within the City's boundaries and increased demand on the City's collection facilities which will require new projects to meet further demand. The growth projections in ERCs are found in the appendix of this document.

Level of Service Definitions

The Impact Fee Facilities Plan has defined the current level of service in Cedar Hills as:

- Collection: 320 gallons per day per ERC

Existing Infrastructure and Capacity to Serve New Growth (Buy-In Component)

Appendix 3 provides an expense report for the assets owned and operated by Cedar Hills for collection/outfall lines. Included with the assets are the original dates of construction or acquisition and the original cost of the collection component of the sanitary sewer system. An analysis has been completed to identify the capacity to serve new growth.

Bowen Collins & Associates provided ZBFF with a percentage of the existing infrastructure that has capacity available to serve future growth. This has been included in the calculation of the impact fee.

[8] 2010 Census Data
[9] Impact Fee Facilities Plan

Treatment

Timpanogos Special Service District provides the City with treatment for the sewer utility. The District assesses an impact fee for the treatment component of the utility. This fee is collected by Cedar Hills and remitted to the District. The current amount charged by TSSD can be found in the impact fee ordinance. If the TSSD impact fee were to be adjusted, it is easier to readopt the ordinance and not need to redo the impact fee analysis.

Impact Fee Facilities Plan – Future Capital Projects

The Impact Fee Facilities Plan developed the following capital projects, helped determine the timing and identified what was growth related, and of that amount, how much of the total capacity will be utilized within the next ten years (percentage Impact Fee Qualifying & Impact Fee Qualifying Cost).

Figure 5. Capital Projects

Project Name	Year to be Constructed	FY 2013 Cost	Construction Cost	% to Growth	Cost to 10 year Growth	Non Growth Related	Cost to Growth Beyond 10 Years
1100 North (1100 East to 900 East, then south to 700 North)	2016	474,427	474,427	8%	37,005	275,168	162,254
1020 East (1420 North to Murdock Drive)	2015	75,794	75,794	8%	5,912	33,349	36,533
Impact Fee Facility Plan and Impact Fee Analysis Update	2014	9,590	9,590	100%	9,590.00	-	-
Ten Year Total		$ 559,811	$ 559,811	9%	$ 52,507	$ 308,517	$ 198,787

CHAPTER 3: PROPORTIONATE SHARE ANALYSIS

The Impact Fees Act requires that the impact fee analysis estimate the proportionate share of the costs for existing capacity that will be recouped and the costs of impacts on system improvements that are reasonably related to the new development activity.

Cedar Hills continues to grow and there is still expansion in the area. The capital improvement plan clearly defines what projects are growth related, repair and replacement, or pipe upsizing (the upsizing may include some element of growth). The projects are detailed later in the Future Capital Projects section.

Part of the proportionate share analysis is a consideration of the manner of funding existing public facilities. Historically the City has funded existing infrastructure through several different funding sources including:

- General Fund Revenues
- User Rates
- Grants
- Bond Proceeds
- Developer Exactions
- Impact Fees

In calculating the buy-in component (for existing infrastructure capacity) of the analysis no grant funded infrastructure has been included. Once the grant funded projects have been removed, all remaining infrastructure has been funded by existing residents. In order to ensure fairness to existing users, impact fees are an appropriate means of funding future capital infrastructure. Using impact fees places a burden on future users that is equal to the burden that was borne in the past by existing users. (Utah Impact Fees Act, 11-36a-304(2)(c)(d))

Just as existing infrastructure has been funded through different means it is required by the Impact Fees Act to evaluate all means of funding future capital. There are positives and negative aspects to the various forms of funding. It is important to evaluate each.

General Fund/User Rates
The general fund and user rates have both been funded in one form or another by existing users. It would be an additional burden to existing users to use this revenue source to fund future capital to meet the needs of future users. This is not an equitable policy and can place too much stress on the tight budgets of the general fund and other user rate funds. The sewer rates in Cedar Hills are dedicated to operation and maintenance, repair and replacement and ensuring a stable reserve for maintaining a good credit rating. If rate revenues are required to supplement the capital required by growth, the City will reimburse the user rate fund with impact fees as they are collected and act as a loan to the impact fee fund to be repaid.

Property Taxes
It is true that property taxes may be a stable source of income. However, property taxes are not based on impact placed upon a system. Property taxes are based upon property valuation. Using property taxes to fund future capital again places too much burden on existing users and subsidizes growth. The financial audits for the City do not show a line item for property taxes as a revenue stream for sanitary sewer, thus any property taxes collected on the property being developed are not being used to fund infrastructure or operation and maintenance of the sewer system.

Impact Fees
Impact fees are a fair and equitable means of providing infrastructure for future development. They provide a rational nexus between the costs borne in the past and the costs required in the future. The Impact Fees Act ensures that future

development is not paying any more than what future growth will demand. Existing users and future users receive equal treatment; therefore, impact fees are the optimal funding mechanism for future growth related capital needs.

Developer Credits
If a project included in the Impact Fee Facilities Plan (or a project that will offset the demand for a system improvement that is listed in the IFFP) is constructed by a developer that developer is entitled to a credit against impact fees owed. (Utah Impact Fees Act, 11-36a-304(2)(f))

Time-Price Differential
Utah Code 11-36a-301(2)(h) allows for the inclusion of a time-price differential in order to create fairness for amounts paid at different times. To address the time-price differential, the IFFP includes an inflationary component to account for construction inflation for future projects.

Other
In this particular analysis, there is also a credit for unspent impact fee revenues collected in the past. The current impact fee fund balance for sewer was credited against the fee.

Calculated Fee

The impact fees have been calculated with all the above considerations for the City-wide Service Area. The fee is calculated per a single ERC. The fees per ERC can be found in Figure 6. These tables can also be found in Appendix 4.

Figure 6: Base Fee per ERC

	Cost	% Impact Fee Qualifying	Impact Fee Qualifying Cost	Additional ERUs to be Served	Cost per ERU
Collection Impact Fee					
IFFP Projects	559,811	9%	52,507	224	234
Buy In - Existing Assets	2,214,880	19%	409,753	590	694
Subtotal	2,774,691	17%	462,260		929
Total Impact Fee Per ERU					$ 929

The City will assess the impact fee on a per ERC basis for residential land uses. Nonresidential land uses will pay the fee listed in Appendix 5 which based on multipliers outlined in the Master Plan and User Rate Analysis.

Figure 7: Nonresidential Impact Fee Multipliers

Non Residential Impact Fee		
Meter Size	ERC Conversion	Fee per Meter Size
3/4	1.0	928.80
1	1.3	1,181.98
1 1/2	1.6	1,519.79
2	2.6	2,414.88
3	10.0	9,287.99
4	12.7	11,821.20
6	19.1	17,731.80
8	26.4	24,486.58

CHAPTER 4: CERTIFICATION AND APPENDICES

In accordance with Utah Code Annotated, 11-36a-306(2), Matthew Millis on behalf of Zions Bank Public Finance, makes the following certification.

I certify that the attached impact fee analysis:

1. includes only the cost of public facilities that are:
   a. allowed under the Impact Fees Act; and
   b. actually incurred; or
   c. projected to be incurred or encumbered within six years after the day on which each impact fee is paid;
2. does not include:
   a. costs of operation and maintenance of public facilities;
   b. cost of qualifying public facilities that will raise the level of service for the facilities, through impact fees, above the level of service that is supported by existing residents;
   c. an expense for overhead, unless the expense is calculated pursuant to a methodology that is consistent with generally accepted cost accounting practices and the methodological standards set forth by the federal Office of Management and Budget for federal grant reimbursement;
3. offset costs with grants or other alternate sources of payment; and
4. complies in each and every relevant respect with the Impact Fees Act.

Matthew Millis makes this certification with the following caveats:

1. All of the recommendations for implementations of the Impact Fee Facilities Plans (IFFPs) made in the IFFP documents or in the impact fee analysis documents are followed in their entirety by Cedar Hills staff and elected officials.
2. If all or a portion of the IFFPs or impact fee analyses are modified or amended, this certification is no longer valid.
3. All information provided to Zions Bank Public Finance, its contractors or suppliers is assumed to be correct, complete and accurate. This includes information provided by Cedar Hills and outside sources. Copies of letters requesting data are included as appendices to the IFFPs and the impact fee analysis.

Dated: January 23, 2014

ZIONS BANK PUBLIC FINANCE

By Matthew Millis

APPENDICES

ENTITY: CEDAR HILLS

PUBLIC BODY: CITY COUNCIL

Subject:	Business
Notice Title:	Notice of Intent to Create an Impact Fee Facilities Plan
Meeting Location:	10246 N Canyon Road Cedar Hills 84062
Notice Date & Time:	September 17, 2013 3:27 PM - 3:27 PM
Description/Agenda:	City of Cedar Hills NOTICE OF INTENT TO CREATE AN IMPACT FEE FACILITIES PLANS AND IMPACT FEE WRITTEN ANALYSES The City of Cedar Hills, a local municipality located in Utah County, Utah, intends to commence the preparation of an independent and comprehensive Impact Fee Facilities Plans and Written Impact Fee Analyses for culinary water, public safety, roads, parks and recreation and sanitary sewer and therefore, pursuant to the provisions of 11-36a-501 and 503 of the Utah Code, as amended 2011, notice is hereby provided to you of the intent of the City of Cedar Hills to create an Impact Fee Facilities Plans for each of the listed services and amend the City's Impact Fee Written Analyses. The proposed capital facilities will be located in the City's service areas, which includes the entire city boundaries. The impact fees to be considered will be charged to new development and used to offset the cost of capital facilities to serve new development and/or buy into existing facilities. Those receiving this Notice are invited to provide information to be considered in adopting the impact fee facilities plans or written analyses of proposed impact fees. For information about the impact fee analysis project please contact David Bunker, 10246 N Canyon Road, Cedar Hills, UT 84062 or e-mail dbunker@cedarhills.org. Any information received should be provided in writing. Dated: September 17, 2013
Notice of Special Accommodations:	n/a
Notice of Electronic or telephone participation:	n/a
Other information:	
Contact Information:	Colleen A Mulvey, City Recorder 8017859668 cmulvey@cedarhills.org
Posted on:	September 17, 2013 03:30 PM
Last edited on:	September 17, 2013 03:30 PM

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Appendix 1:
CURRENT AND FUTURE ERCs

	Sanitary Sewer		
		Current	Buildout
Current ERCs[1]		2,596	3,186

[1] Bowen Collins & Associates IFFP

ERCs Added Per Year	
2013	
2014	25
2015	25
2016	25
2017	25
2018	25
2019	25
2020	25
2021	25
2022	25
Total	224

ERC Projections	
2013	2,596
2014	2,621
2015	2,646
2016	2,671
2017	2,696
2018	2,721
2019	2,745
2020	2,770
2021	2,795
2022	2,820
2023	2,845

Appendix 2:
CAPITAL PROJECTS - IMPACT FEE FACILITIES PLAN
Inflation Rate* 0%

	A	B	C	D	E	F	G	H	
1	Project Name	Collection Year to be Constructed	FY 2013 Cost	Construction Cost	% to Growth	Cost to 10-year Growth	Non Growth Related	Cost to Growth Beyond 10 Years	1
2	1100 North (1100 East to 900 East, then south to 700 North)	2016	474,427	474,427	8%	37,005	275,168	162,254	2
3	1020 East (1420 North to Murdoch Drive)	2015	75,794	75,794	8%	5,912	33,349	36,533	3
4	Impact Fee Facility Plan and Impact Fee Analysis Update	2014	9,590	9,590	100%	9,590.00	-	-	4
20	Ten Year Total		$ 559,811	$ 559,811	9%	$ 52,507	#########	$ 198,787	20
21	*Inflation was added already in the IFFP, no additional inflation added*								21
	A	B	C	D	E	F	G	H	

Appendix 3:
ASSETS
Collector Lines

	A	B	C	D	
1	Date Acquired	Description	Historic Cost	Impact Fee Qualifying	1
16	1/1/2001	Sewer 01	1,058,577	Yes	16
17	5/10/2001	Sewer Construction 9850 S Sewer Line	45,957	Yes	17
18	1/1/2002	Sewer 02	545,128	Yes	18
19	1/29/2002	Mahogany Drive Sewer Line	29,095	No	19
20	1/1/2003	Sewer 03	101,077	Yes	20
21	1/1/2004	Water System Improvements	49,016	Yes	21
22	1/1/2004	Sewer 04	25,429	Yes	22
23	3/1/2004	Canyon Road Line	82,484	Yes	23
24	6/30/2005	Improvements	516,899	No	24
25	8/30/2005	Sewer 06	340,171	No	25
26	9/25/2006	Sewer 07	24,094	No	26
27	6/14/2007	Main Sewer Upsize	25,162	Yes	27
28	6/30/2010	Canyon Road Sewer - Engineering	14,558	Yes	28
29	7/1/2010	Canyon Road Sewer - 2011	2,309	Yes	29
30	6/30/2012	GIS - Sewer (2011)	11,274	Yes	30
31	4/30/2012	Canal Enclosure Project	120,000	No	31
32	6/30/2012	GIS - SEWER (2012)	12,934	Yes	32
33	6/30/2012	4800 W Sewer	240,976	Yes	33
34	Total		$ 3,245,139		34
35	Impact Fee Qualifying		$ 2,214,880		35
36	A	B	C	D	36

Appendix 4:
BASE FEE PER ERU
Cedar Hills

	A	B	C	D	E	F	
1		Cost	% Impact Fee Qualifying	Impact Fee Qualifying Cost	Additional ERUs to be Served	Cost per ERU	1
2	Collection Impact Fee						2
3	IFFP Projects	559,811	9%	52,507	224	234	3
4	Buy In - Existing Assets	2,214,880	19%	409,753	590	694	4
5	Subtotal	2,774,691	17%	462,260		929	5
6	Total Impact Fee Per ERU					$ 929	6
	A	B	C	D	E	F	

Appendix 5
IMPACT FEE MULTIPLIERS

	A	B	C	
1	Non Residential Impact Fee			1
2	Meter Size	ERC Conversion	Fee per Meter Size	2
3	3/4	1.0	928.80	3
4	1	1.3	1,181.98	4
5	1 1/2	1.6	1,519.79	5
6	2	2.6	2,414.88	6
7	3	10.0	9,287.99	7
8	4	12.7	11,821.20	8
	6	19.1	17,731.80	
	8	26.4	24,486.58	
	A	B	C	

1.272592593
1.636296296
2.414074074
10.00
12.72740741
19.09111111
26.3637037